



2021 Sustainability Report



TABLE OF CONTENTS

Letter from the CEO	3	Case Study: When Teaching Moved Home, A Top Art Supply Company Had to Get Creative Fast	18
About the Company	4	Governance	19
Approach to Sustainability	5	Business Ethics and Integrity	19
Case Study: Supply Chain Reliability Through Network Contingency	6	Supply Chain Sustainability	20
Environmental Responsibility	7	Data Protection and Security	21
Sustainable Product Management	7	Case Study: Supply Chain Resilience That's a Breath of Fresh Air ..	22
Carbon and Climate	9	About This Report	23
Responsible Resource Consumption	10	ESG Tearsheet	24
Case Study: A Test for Us All During the Pandemic	11		
Social Responsibility	12		
Diversity and Inclusion.....	12		
Employee Health, Safety and Wellbeing	13		
Employee Engagement and Development	15		
Community Engagement	17		

LETTER FROM THE CEO



I'm proud to share with you QPSI's first sustainability report.

When I founded QPSI in 1992, it was important to me that we built a company that was committed to doing things the right way: with outstanding customer service, a workplace where people felt like they belonged, and a commitment to fairness, integrity and respect.

Over the last few years, our customers and employees have started asking more specifically about how QPSI thinks about sustainability—in our products and services, in our workforce and our communities, and throughout our supply chain. This report is our first attempt at putting together all of those initiatives in one place.

In the following pages, you'll read about how we are using our in-house team of product designers and engineers to deliver solutions that save customers money while reducing the environmental impact of packaging and logistics. You'll also see examples of how we're implementing energy, waste and water efficiency initiatives to minimize our environmental footprint.

This report also provides insight into how we approach governance issues, giving back to the community, and ensuring that suppliers meet our social and environmental standards.

But what I'm most proud of is the work we're doing to build a world-class team. Extensive leadership development training, personal coaching and strategic planning, employee-directed mutual aid, and a commitment to diversity and inclusion: it all makes QPSI a place where people thrive. And in turn, that enthusiasm and commitment is what drives our customer service excellence.

We know that sustainability is an ongoing commitment, and there is always more to do. I encourage you to follow along with our journey.

Mike Ricketts
Chief Executive Officer

ABOUT THE COMPANY

At Quality Packaging Specialists International (QPSI), we've been providing our customers with solutions that help them stand out in their sectors. Our contract packaging solutions include retail-ready packaging solutions, supply chain management, marketing, sampling and fulfillment. We utilize market insights, project management skills and an end-to-end design approach allowing us to serve our customers with excellence consistently for almost 30 years.

QPSI's seamless and streamlined approach accelerates speed to market, eliminates waste and touch points throughout the supply chain and helps our customers achieve their business goals. Agility and flexibility has made QPSI one of the leading contract packaging partners in the U.S.

QPSI is a proud Minority-Owned Business Enterprise (MBE) with national accreditation by the NMSDC.

MISSION AND VALUES

QPSI is a privately-held, family-owned company. Our mission is to maintain leadership in our industry by providing our customers with superior quality products and services on time, at competitive prices. We will accomplish this by the process of continuous improvement, involving all of our employees, and providing a safe, clean and creative work environment.

Our values, called our "One Q Guiding Principles," were created in 2017 through a company-wide engagement process:

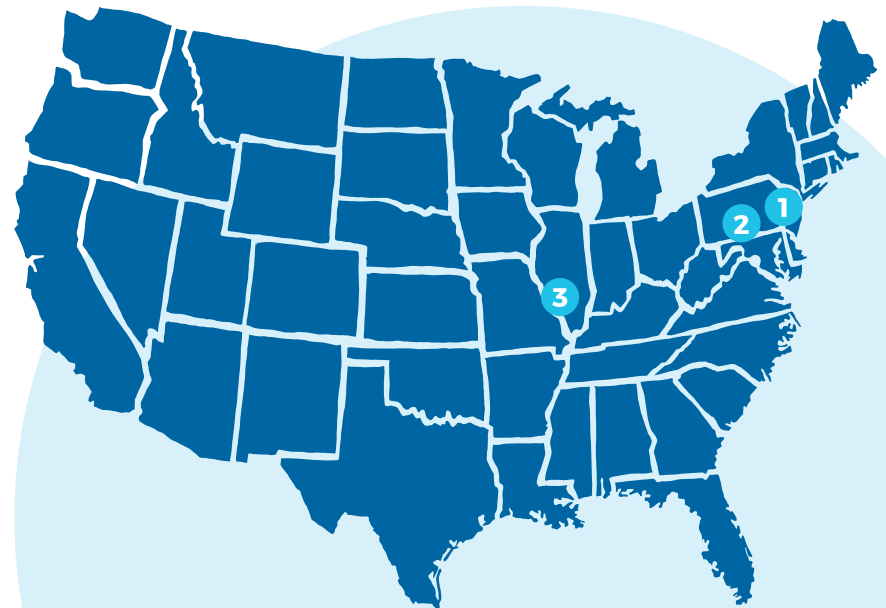
- One Team, One Direction, One Goal
- Sharing Best Practices Company-Wide
- Listen to Learn, Not to Respond
- Take Time to Coach and Be Coached
- Accountability to Ourselves and Each Other

- Cross-Functional Training
- Enable Others to Succeed
- Say It. Do It. Teach It and Measure Through Results.
- Laser Focused
- Empower, Grow and Embrace Change
- When We Are All In, We All Win!

LOCATIONS

Our sites are located strategically across the U.S. to best service key market verticals with contract packaging and supply chain solutions.

- 1 Burlington, NJ - Corporate Headquarters and Packaging Facility
- 2 Mechanicsburg, PA - Packaging Facility
- 3 Pontoon Beach, IL - Packaging Facility



APPROACH TO SUSTAINABILITY

In 2022, we undertook the development of a sustainability program to formalize QPSI's approach to environmental, social and governance (ESG) issues. This included the following foundational components:

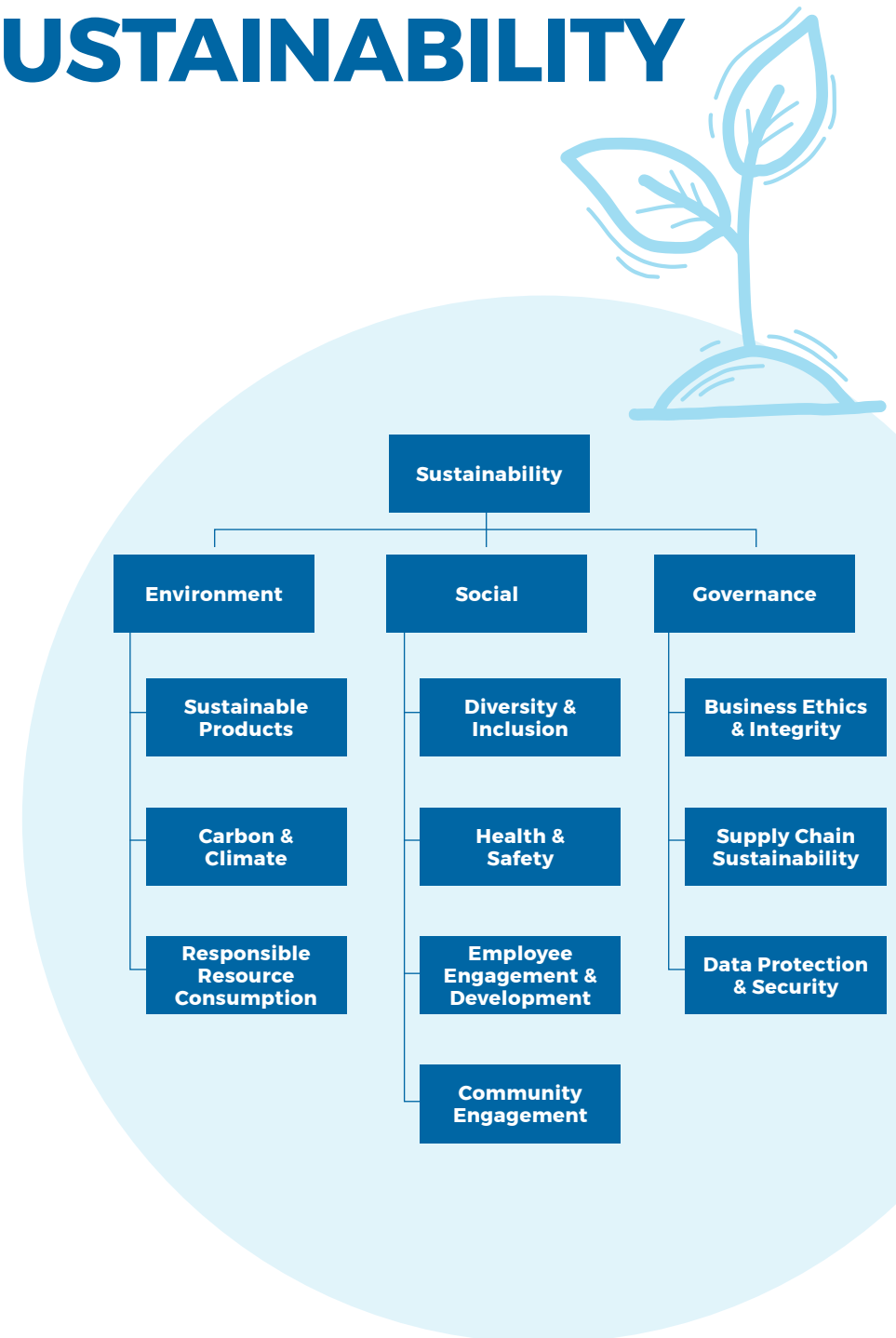
Governance and Accountability:

- Created a Sustainability Steering Committee, comprising cross-functional senior leaders, to provide oversight and sponsorship of sustainability priorities
- Formalized co-sponsorship of our sustainability strategy committee to our President and Chief Financial Officer, reflecting the connection between ESG issues, finance and strategy..

Planning and Strategy

- Hired outside advisors to assess current sustainability practices and guide the development of a sustainability roadmap
- Completed a materiality assessment to determine QPSI's most salient ESG issues
- Conducted a peer benchmark and gap assessment to identify current ESG strengths and weaknesses and prioritize future initiatives
- Created a sustainability action plan, with tasks, timelines and goals for our sustainability focus areas

The resulting sustainability framework has been used to organize the contents of this report and guide our future ESG activities.



k | #537889575

Case Study



Supply Chain Reliability Through Network Contingency

The Covid-19 pandemic still weighs heavily on our minds and it's easy to remember the initial days when alarm, concern and intense buying of home cleaning products ran rampant. Consumers were purchasing and even hoarding supplies running from paper goods such as toilet paper to antibacterial wipes and disinfectants. For one of the largest CPG companies in the country, demand far outpaced supply.

Amidst labor availability challenges, raw material supply shortages, and port delays, a large CPG company faced major hurdles providing the quantities of cleaning and other pandemic-related goods that Americans needed. The competitive race to maintain shelf space and market share was at an all-time high in the homecare space. Fortunately, this CPG company turned to an experienced and trusted supplier known for making the impossible possible, and QPSI was their choice.

QPSI GENERATES PRODUCTION SYNERGIES TO COMPLY

To meet this challenge, QPSI needed to think outside the box and outside of using a single QPSI location to meet the massive challenge. Our solution was to respond with the capabilities, synergy and combined resources of two locations dedicated to the task of fulfillment. From a systems, logistics and supply chain perspective, we were able to manage the entire process, while keeping our employees safe and socially distanced.

PRODUCTION SOARS, NO RUNWAY NEEDED

Most companies would need a runway to help a customer lift production volume sky high. QPSI provided its own thrust to be able to support an exceptional level of growth and the key was unparalleled logistical thinking, planning, and execution. On every custom packaging project, we proudly offer the flexibility to adapt to new circumstances without stress placed on our systems, technology or valued teammates. We have a labor force like no other, modeled differently so we can acknowledge and reward pure performance on the front lines.

ENVIRONMENTAL RESPONSIBILITY

SUSTAINABLE PRODUCT MANAGEMENT

Creating Value Through Design (and Redesign)

Our in-house team of packaging designers and engineers work collaboratively with customers to incorporate sustainability considerations into product design. Together, we seek the best of both worlds: cost reduction, with environmental and social benefits. Our strategies include:



Material reduction: reducing fillers and using innovative structural engineering, we can put more product on the shelf with less packaging, saving money and materials



Sustainable materials: choosing recycled and renewable materials, and prioritizing options that can easily be reused or recycled



Lightweighting: choosing lighter materials means that we can reduce the total use of packaging materials, which also helps reduce the energy needed for transportation and logistics



Streamlining assembly: by designing product displays that are easy to assemble and disassemble, customers save time and money and increase the opportunity to effectively recycle and reuse component parts



Designing For Efficient Logistics

Packaging and logistics are critical elements in the environmental life cycle impact of a product. Too much packaging creates inefficient distribution, with trucks, rail cars and airplanes using energy to move unnecessary packaging weight and creating empty space that could be used to transport more products. Too little packaging, on the other hand, means that products can be damaged during transit, wasting materials and energy.

At QPSI, our team of experts works to find the right packaging solution for each product, using green packaging strategies such as:

- **Pallet utilization:** we participate in pallet reuse and recycling programs, and have recently started to design for shipping solutions with no pallets required at all
- **Cube utilization:** we design packaging configurations that maximize the amount of product that can be fitted into a trailer, reducing the number of truck loads needed to get products onto retailer shelves
- **Display combinations:** we have combined displays with secondary packaging, eliminating the need for “shipper” pieces and reducing the amount of freight required per customer order
- **Combining product orders:** when we have partial truck loads of two or more products, we are often able to combine them together into a single full truck load to cut down on “empty miles” and wasted delivery trips

Stock | #481298954

COVID-19 Test Kits

QPSI has a flexible manufacturing process that allows us to quickly shift production as the market changes, combining packaging systems, logistics and supply chain expertise to meet customer needs in challenging and dynamic circumstances. That was never more important than when the U.S. Food and Drug Administration (FDA)

issued emergency use authorization for over-the-counter COVID-19 diagnostic test kits in late 2020. With an urgent need to scale up production of these test kits, QPSI was ready. In 2021 alone, QPSI packaged more than 25 million test kits, helping to get at-home testing into the hands of families across the country.

Indicator	Unit of Measure	2021 Performance
<i>Packaging materials: renewable</i>	Percent by spend (%)	87.3
<i>Packaging materials: recyclable</i>	Percent by spend (%)	99.1

CARBON AND CLIMATE

ENERGY EFFICIENCY

Recognizing the economic and environmental opportunities, we prioritized energy efficiency in our flagship packaging facility and corporate headquarters buildings in Burlington, New Jersey. Beginning with the south building in 2017 and expanding to the north building in 2019 and our offices in 2021, QPSI implemented energy saving technology and design features throughout the property, including:



- High efficiency HVAC
- Variable frequency drives
- Occupancy sensors
- Natural lighting
- High efficiency LEDs

Looking ahead, we see opportunities to further optimize our energy use with building automation systems that respond to changing occupancy and production needs.

FORKLIFT ELECTRIFICATION

Over the last several years, we have focused on transitioning our forklifts from propane to electricity, which is more economically feasible, better for the environment, and improves indoor air quality for employees. Our latest improvements include forklift charging stations that use “opportunity charging” for battery optimization and faster charging times.

For our larger forklifts, QPSI has instituted a battery swap program at all of our sites. The “smart battery” systems email us when it’s time to replace them, and the batter is sent for refurbishment, extending the lifespan of each battery and reducing the environmental impact of sourcing new batteries each time.

CARBON FOOTPRINT

Our focus has traditionally been on identifying energy efficiency opportunities at our sites. In 2022, we gathered data for calendar year 2021, to understand our baseline energy use. In the future, we expect to expand this tracking and analysis to include our carbon footprint.

Indicator	Unit of Measure	2021 Performance
Electricity	MWH	2,987 ¹
Natural Gas	Therms	91,861 ²
Diesel	Gallons	1,280

¹ Excludes our Mechanicsburg site, where electricity is included in the lease.

² Excludes our Pontoon Beach site, where natural gas is included in the lease.



RESPONSIBLE RESOURCE CONSUMPTION

WASTE MINIMIZATION

At QPSI, we work hard to eliminate waste from our production processes and ensure that any unavoidable waste is diverted from landfills whenever possible. In some cases, our waste is so valuable, we're able to sell it off for secondary purposes.



SOLD FOR RECOVERY

Cardboard and corrugate
Plastic offcuts
Metal scrap
Wood scraps



RECYCLED

Mixed office recycling



REUSE AND REFURBISHMENT

Pallets



LANDFILL

General waste

All waste collection areas are in protected areas to prevent run-off and water contamination.



WATER USE

We don't use water in any production processes, so our water consumption is limited to hygiene, kitchen and landscaping needs. Our newer bathrooms, such as those in our Burlington, New Jersey, facility, have water sensors to eliminate dripping taps. They also use "point of use" filtration systems to ensure that water flowing into the municipal wastewater systems has organic compounds removed.

Indicator	Unit of Measure	2021 Performance
Total Waste Generated	Metric Tons (mt)	4,122
<i>Landfilled</i>	Percent (%)	9
<i>Recycled</i>	Percent (%)	91
<i>Waste to Energy</i>	Percent (%)	<1

#427935150

Case Study

A Test For Us All During The Pandemic

In 2020, we all joined a battle fighting a ruthless enemy known as the Covid-19 virus. Skies were dark for many months, but real hope dawned on Feb. 14, 2020 when the first EUA (Emergency Use Authorization) Covid-19 diagnostic test was issued. Ten months later, on December 15th, 2020 the first EUA home antigen test was issued and the enemy was able to be identified so we could stand a chance of battling back.

The number of at-home tests needed was staggering. That's when the U.S. Government turned to top pharma and diagnostics companies and called upon them to rise to the emergency and produce as many antigen kits as possible. But what company or companies could meet the demand for hundreds of millions of home test kits in amazingly limited time?

A PREMIUM PHARMA
COMPANY RISES TO THE
CHALLENGE

This huge challenge fell on the shoulders of one of the largest pharma companies in the country. In order to meet vast demand, the pharma

company realized it needed to create a viable supply chain that could support the volume of kits needed, yet ensure quality and reliability in kit accuracy.

PURE TRUST, PURE
PERFORMANCE FROM QPSI

QPSI was delighted to be selected as a kit supplier for this major pharma company. QPSI came to the challenge offering capabilities that other suppliers were not able to provide. Once our customer supplied the technology and materials, including antigens, we stepped in to pack out kits with accelerated speed, agility and reliability. One huge advantage was QPSI's designation as an "essential business," which allowed our team to stand tall, stay safe and exceed even our highest expectations.

The trust that the pharma company placed in us was rewarded with QPSI pure performance on the front lines. Relative to other suppliers, we were able to ramp up by creating many semi-automated lines at multiple QPSI locations. Company leadership fully supported investment

and expediency in equipment, facility upgrades and top guidance from the managerial staff to the skilled labor force on the front lines.

Our valued customer acknowledged and applauded QPSI's unique response and capabilities. In the initial stages of kit development and distribution, QPSI was considered by the pharma company to be in the middle or even at the bottom of the pack of selected suppliers. Within months, QPSI was catapulted to the status of a top tier supplier on the assembly side.

RESULTS WITH PURE IMPACT

QPSI is proud to have played a significant role in helping to get America tested, especially in communities or congregate settings where the virus was rapidly spreading. QPSI home tests and others had a huge impact in preventative care that can lead to fast and actionable, life-saving results. In all, QPSI generated, assembled and helped distribute over 60 million Covid-19 test units. QPSI is honored to have played a part in helping so many people in the battle against Covid.

SOCIAL RESPONSIBILITY

DIVERSITY AND INCLUSION

LABOR AND HUMAN RIGHTS

We apply the Ethical Trading Institute Base Code for labor and human rights at our facilities. These rights ensure that employees are treated fairly and with dignity. They include the following provisions:

- 1 Employment is freely chosen: there is no forced, bonded or involuntary prison labor.
- 2 Freedom of association and the right to collective bargaining are respected
- 3 Working conditions are safe and hygienic
- 4 Child labor shall not be used
- 5 Living wages are paid
- 6 Working hours are not excessive
- 7 No discrimination is practised
- 8 Regular employment is provided
- 9 No harsh or inhumane treatment is allowed

INTENTIONALLY CREATING A DIVERSE WORK-FORCE, AT ALL LEVELS OF SENIORITY

As a proudly Black-owned business, QPSI has prioritized creating a welcoming and inclusive environment where all employees can thrive and rise through the ranks with hard work and dedication. Consistently, our manager/supervisor level is at least 30% women and more than 50% racially/ethnically diverse.

SUPPORTING SPANISH SPEAKING EMPLOYEES

We have a high percentage of Hispanic and Latinx workers, and for many Spanish is their primary language. To ensure that these employees fully understand their job descriptions, work instructions and company norms, we provide most QPSI documentation in Spanish as well as English.

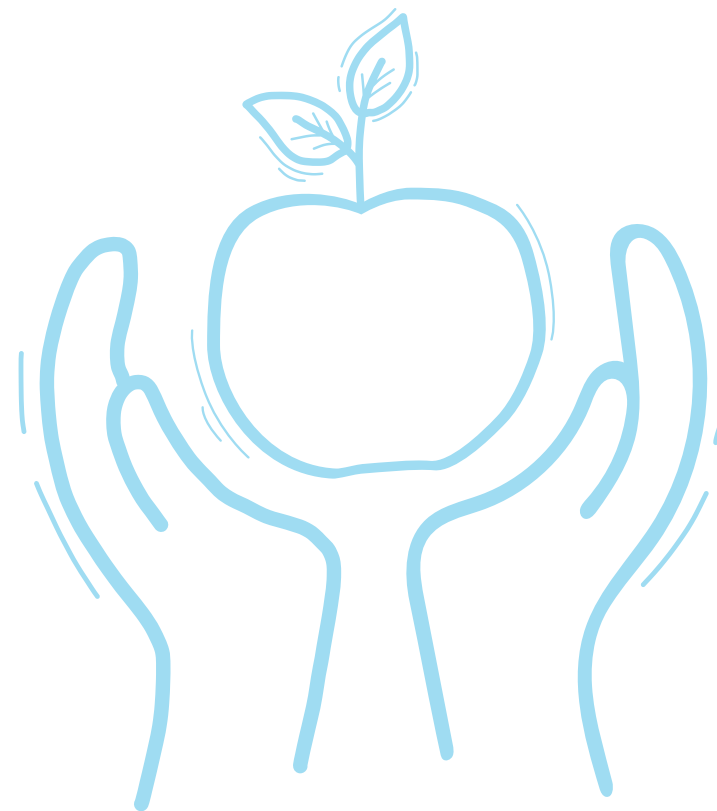
Indicator	Unit of Measure	2021 Performance
Executives	Number (#)	13
Women	Percent (%)	23
Racial/Ethnic Minority	Percent (%)	62
Managers/Supervisors	Number (#)	50
Women	Percent (%)	36
Racial/Ethnic Minority	Percent (%)	70
All Employees	Number (#)	708
Women	Percent (%)	63
Racial/Ethnic Minority	Percent (%)	87

EMPLOYEE HEALTH, SAFETY AND WELLBEING

HEALTH AND SAFETY POLICY

To help QPSI maintain a safe workplace, we expect everyone to be safety-conscious at all times. All employees are expected to devote their full time, skill and attention to the performance of their job responsibilities utilizing the highest standard of care and good judgment. In addition to following QPSI's safety guidelines, rules, and regulations at all times, team members are responsible for:

- Immediately reporting any work-related injury or illness to their Supervisor or Human Resources
- The proper use of protective clothing, devices, or equipment
- Attending all training sessions related to their job and participating in a safety committee when requested
- Following the directions of warning signs or signals or the commands or directions of supervisory personnel
- Reporting and containing unsafe conditions and taking appropriate steps to eliminate and reduce hazards
- Their own safety, as well as that of others in the workplace



Our Health and Safety policy lays out our commitments to providing a safe workplace, including providing appropriate personal protective equipment, job-specific safety training, job hazard analysis and a robust tracking and remediation system.



SAFETY MANAGEMENT

Each year, QPSI chooses three corporate-wide priorities, and safety has been consistently identified as one of our main focus areas. In addition to a Corporate EHS Manager responsible for developing and implementing a safety management system, each of our sites maintains a safety committee made up of management and production employees. All employees receive safety training on their first day of work, and safety training is reinforced daily at the beginning of each shift. All sites do safety walks with the plant manager on a weekly basis, and safety data sheets (SDS) are aggregated and available for employees to review.

Indicator	Unit of Measure	2021 Performance
Fatalities	Number (#)	0
Total Recordable Incident Rate	Rate	0.91
Near Miss Rate	Rate	1.2

COVID-19 MEASURES

At QPSI, the health and safety of our employees and their families has been, and always will be, our highest priority. When the COVID-19 pandemic began in 2020, we took immediate steps to protect employees while ensuring that we could maintain active operations. As the pandemic wore on throughout 2021, we continuously refined our health and safety practices, in line with emerging scientific and governmental guidelines, to keep our team safe, including:

- Actively communicating with team members about hygiene practices
- Encouraging office teams to work from home and added unlimited time off for employees
- Added additional cleaning staff and provided face shields and masks to employees
- Engaged with our engineering team to maximize space between employees on the production floor

As we continue to deal with the effects of the COVID-19 pandemic, we encourage all of our staff to have open lines of communications with our management team, and our clients to assess their comfort level and objectives during this unprecedented time.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

DREAM MANAGER PROGRAM

In December 2021, we kicked off our “Dream Manager Program,” a life-coaching program that combines personal strategic planning with customized, comprehensive support through a year-long series of sessions that focus on topics ranging from “your essential purpose” to financial planning to skills inventory, emotional development and physical health. All QPSI managers are participating in the program, which will run through 2022.

QPSI Benefit

- Creates dynamic teamwork
- Improves morale
- Increases employee engagement
- Decreases unwanted turnover
- Develops management and leadership skills
- Teaches employees to think strategically about business challenges

Employee Benefits

- Helps employees develop a Personal Strategic Plan
- Creates clarity around goals, ambitions, and dreams
- Develops life balance
- Improves health and wellness
- Provides extraordinary career pathing
- Increases engagement in life, work, and relationships
- Develops management and leadership skills
- Provides a vision for a bigger future





LEADERSHIP TRAINING PROGRAM

In 2021, we launched a 12-week leadership training program for executives, directors and mid-level managers. 2022, we plan to expand the program to front-line production managers. Topics include:

- Principles for growth and effective leadership
- Effective listening and communication
- Guiding others to greater performance
- Emotional intelligence
- Conflict management and resolution
- Building effective meetings
- Effective presentations
- Innovation as a Key to Enterprise Value

Sessions are delivered virtually and in-person to maximize engagement. Between sessions, participants have check-in and coaching calls to reflect and apply the learnings to their specific role.

LEARNING MANAGEMENT SYSTEM

In addition to the specific programs described above, QPSI offers all employees access to a learning management system. Managers complete mandatory training on a revolving set of topics. In 2021, some of these topics included:

- Preventing workplace harassment
- Team building and retention
- PTO management
- Dealing with difficult people
- Safe/incident investigation
- How to handle terminations
- Time management
- Developing leadership skills
- Performance appraisal

Indicator	Unit of Measure	2021 Performance
Turnover Rate	Percent	33

COMMUNITY ENGAGEMENT

Q Cares is our philanthropic initiative, designed to support the local community and engage employees in giving back. In 2021, some of our Q Cares activities included:

- Q Cure Crew: Susan G Komen Breast Cancer Walk
- Adopt a QPSI Family
- Partners for Kids & Families Holiday Toy Drive
- Cam-Care Toy & Food Drive
- Adopt a Family Wish List Legacy Foundation Shelter
- Dream Manager- Q Employee “wish”
- Safety & Wellness Fairs
- Charity Drives- Surrounding Communities
- QPSI College Scholarship Awards

In 2021, our charitable donations were primarily directed towards the Legacy Foundation, Partners for Family and Kids, CamCare and local shelters. Our volunteers donated their time collecting donations, wrapping and packaging gifts, and distributing them to partner organizations. Together, we donated approximately \$40,000 of in-kind goods and services, to Suite to Temple, toy donations, winter coats and toy drives, and community Go Fund Me needs.

Indicator	Unit of Measure	2021 Performance
Charitable Donations	\$ USD	\$25,000
Volunteering	Number (#) of Hours	60-80 hours
In-Kind Giving	\$ USD	\$40,000





Case Study

When Teaching Moved Home, A Top Art Supply Company Had To Get Creative Fast

The pandemic has taught us all many lessons: how to social distance, protect yourself and the people you love from becoming ill and, hopefully, how to leave some paper goods on the shelves for others. But what about art supplies, including crayons that kids love to draw with at home? During the height of the Covid-19 pandemic, when the kids had to learn largely from home, art supplies found in stores became an endangered product species. Much to the chagrin of kids and parents, crayons vanished from the shelves with the speed, of well, toilet paper.

Demand for drawing tools went sky-high and one of the nation's top art supply manufacturers found themselves grounded without the staff needed at their facility to meet soaring demand. The art supply company quickly surmised they needed to add an unusual element to their supply chain: hard-working personnel experienced in package assembly and fulfillment. That's when they literally drew on the resources of QPSI for help.

QPSI EXPORTS A PROFESSIONAL AND PERSONABLE ASSEMBLY CREW

For QPSI, custom package design and delivery, it's rare, but not unheard of, to add a top-notch, full-time crew of professionals as part of our pure performance packaging supply chain. At QPSI, one of our great and unique resources is "people power" - an unmatched labor model that makes an "A" team available virtually on demand. They can be called up to the front lines at QPSI or to apply their skills for another company that needs a hard-working crew happy to contribute and make an impact.

"SHOW AND TELL" - QPSI EARNS AN "A+" FOR RESULTS

Because QPSI could export an expert labor force, the art supply company was able to keep a fair level of product in the market. Our workers on the lines were able to take massive quantities of bulk crayons, and put them in kits ready for merchandising displays everywhere. For years, we have displayed expertise when it comes to kitting services here. The art supply customer was very pleased with our performance and learned a lesson: "when pure performance is needed, your expectations can be exceeded by relying on QPSI."

GOVERNANCE

BUSINESS ETHICS AND INTEGRITY

BUSINESS CODE OF CONDUCT

Our “Standards of Conduct” provides the foundational elements of good governance for QPSI leadership and its workforce. We wish to create a work environment that promotes job satisfaction, respect, responsibility, integrity, and value for all our team members, clients, customers, and other stakeholders. We all share in the responsibility of improving the quality of our work environment.

GRIEVANCE MECHANISMS AND WHISTLEBLOWER PROTECTION

At QPSI, we subscribe to the saying, “see something, say something.” Employees are encouraged to report any concerns to their supervisor, their Human Resources representative, or through a whistle-blower hotline, which provides the opportunity for anonymous reporting, if desired. Our non-retaliation policy protects employees who report a concern in good faith.

COMPLIANCE TRAINING

Through our intranet site and online learning management system (LMS), employees have access to company policies and associated training on a variety of compliance issues, including mandatory sexual harassment training for all employees on an annual basis.



SUPPLY CHAIN SUSTAINABILITY

SUPPLIER CODE OF CONDUCT

All suppliers are required to sign our Social Compliance Policy, which applies to all suppliers and third-party entities which provide products and services for QPSI, its subsidiaries, divisions, and/or affiliates.

The Social Compliance Policy is an integral part of our supply chain strategy, to influence the method(s) in the way we select, develop, and build partnerships, now and in the future. It includes provisions on:

- Environmental impact
- Compliance with laws and regulations
- Employment practices
- Compensation and benefits
- Working hours
- Child labor
- Forced labor
- Human trafficking
- Nondiscrimination, harassment and disciplinary practices
- Health and safety
- Gift and gratuity practices

In addition, we reserve the right to, with written notification, reserves the right to inspect, audit or have audited (via a third-party audit company) under the scope of Health and Safety, Social Compliance, Forced Labor and Human Trafficking, and Environmental issues, a potential, new, or current supplier. QPSI further reserves the right to perform or have performed a follow-up assessment to validate that corrective actions requested, based upon communicated policy violations, have been successfully and effectively implemented and/or remedied, and are providing the desired result(s).



ENSURING SUPPLIER QUALITY

Finance, procurement and quality work together to ensure that QPSI maintains a robust supply chain. We pre-screen all material suppliers and service providers to ensure that they meet our qualifications and specifications for compliance, quality, employee training, workplace safety, environmental controls and data security.

Our quality assurance system identifies supplier risk tiers and assigns suppliers to a schedule that includes documentation review and approval, onsite audits, and corrective action management. Most suppliers are on a three-year onsite visit schedule, or more frequently as necessary.

COLLABORATING THROUGH THE VALUE CHAIN

Many times, our customers determine the suppliers, the raw materials, and the way that materials get to us. In 2021, we worked with customers on a variety of projects with sustainability impacts, including:

- Localizing supply chains to reduce the distance between supplier and customer
- Changing raw materials to increase recycled content
- Emphasizing reuse options to minimize supply chain shortages and disruptions
- Creating supplier redundancy and multi-sourcing options, so that we have more flexibility to shift vendors when needed
- Redesign packaging to reduce product footprint and waste



DATA PROTECTION AND SECURITY

QPSI's information security systems and policies are designed to protect and preserve the confidentiality, integrity, and continued availability of all information that we retain and handle. Our policies are built in alignment with ISO 27001 and U.S. National Institute for Standards and Technology (NIST) information security standards. All policies are enforced in the manner that best supports the organization's partners and business security objectives.

Our internal Cyber Security and Data Privacy Policies are designed to monitor, isolate, and prevent unauthorized access to, and disclosure of, personal information using a range of operational and technological safeguards. Our incident response plan is a predetermined set of procedures to detect, respond to, and limit consequences of malicious cyber-attacks against the organization's information systems. Organizationally administered systems such as workstations, network, devices, servers, and cloud resources are within scope of this plan. Employees also receive annual security training, and we conduct periodic phishing testing to ensure our employees remain vigilant and compliant with our expectations.

Our programs and policies have been reviewed and approved by senior management. The organization's senior management is determined to ensure that the programs and policies are implemented via the use of technical, administrative, and physical controls. Senior management has ensured that the necessary resources are made available to implement our systems and policies.

Case Study

Supply Chain Resilience That's A Breath Of Fresh Air

LETTER FROM
THE CEO

ABOUT QPSI

APPROACH
TO SUSTAINABILITYENVIRONMENTAL
RESPONSIBILITYSOCIAL
RESPONSIBILITY

GOVERNANCE

ABOUT THIS
REPORT

ESG TEARSHEET

Welcome to an interesting and usual case study focused on a well-known mouthwash brand carried by one of the premier Consumer Package Goods (CPG) companies in the U.S. Flashback with us to the height of the Covid-19 pandemic when people were essentially quarantined and stopped meeting and greeting others. Work switched to an at-home world and even friends and relatives kept their distance. Imagine the impact on the mouthwash market! Face-to-face meetings of all kinds decreased and there wasn't a need to worry about bad breath on a Zoom. At home oral care was still important, but mouthwash sales overall greatly decreased.

FULFILLING THE QPSI PROMISE UP AND DOWN THE CUSTOMER LINE

One major advantage of working with QPSI as your contract and custom packaging partner is our ability to take over an entire packaging line from customers. We can handle all aspects of fulfillment, establish a brand-new supply chain for product resources if needed, or use products supplied by the customer, which was the case with this CPG company Pre-pandemic, QPSI was able to strategically engineer taking over the entire mouthwash packet line from the CPG company. Typically, when a co-packer imports an entire line, things are left as is. But in this instance, QPSI reviewed the line and decided it made more economic sense to reconfigure the line entirely to an alternate, fully-automated system. Full automation was not only a time-saving choice, but presented a more sustainable solution. Even with this transformation, we were able to integrate the new line without any real disruption in the supply chain. Problem solved, right? Yes, until the pandemic eased, people started meeting again, and liquid mouthwash and packet sales picked up.

A NEW CHALLENGE, A BREAKTHROUGH SOLUTION, AND SALES RESUMED

The prospect of increased mouthwash packet sales was exciting, but a new supply chain problem quickly presented itself to dash sales hopes. Raw material shortages and supply chain delays put a crimp in the CPG's ability to access plastic trays that were also part of the dissolving mouthwash packet kit.

But, fortunately, at QPSI, we have great skill – and a positive attitude—committed to fulfilling our promises. The solution dawned on us—use one of our vendors as a supplier. By introducing an alternate supply chain solution, QPSI was able to avoid lead time extensions and supply chain disruption that would have resulted in lost sales for our customer.

Our proactiveness and resourcefulness put us in a position to react quickly and avert a problem so that our customer's sales could keep flowing. What a breath of fresh air!

ABOUT THIS REPORT

SCOPE AND BOUNDARIES

This is QPSI's first sustainability report, covering our sustainability performance for calendar year 2021. In some cases, we have also included information from 2022 where it provides additional context. Unless otherwise specified, the report is inclusive of QPSI's facilities and supporting activities based on operational control.

VERIFICATION AND ASSURANCE

We have engaged Strategic Sustainability Consulting (SSC), an independent party, to support our sustainability reporting efforts. We believe that this report contains information that is accurate, timely, and balanced. In preparing the material for this report, we have completed an internal assessment process in conjunction with SSC to review the contents for clarity, but the report is not externally assured and the data within this report has not been third-party verified.

RESTATEMENTS

There are no corrections or updates.

FOR MORE INFORMATION

We welcome feedback on this sustainability report, as well as inquiries about our sustainability practices. For more information, please contact sustainability@qpsiusa.com.

DISCLAIMER AND LIMITATIONS

In this report, statements may be made regarding beliefs and expectations regarding the company's future plans, disclosures, results or expected future events. These are known as forward-looking statements, which involve risks and uncertainties that in many cases are beyond management's control and may cause actual results to differ materially from expectations. We caution our readers in considering forward-looking statements and information. Finally, the information shared in this report is valid as of November 1, 2022, and QPSI undertakes no obligation to update it except as may be required under applicable law.

ESG TEARSHEET

MATERIALS PERFORMANCE

Indicator	Unit of Measure	2021 Performance
<i>Packaging materials: renewable</i>	Percent by spend (%)	87.3
<i>Packaging materials: recyclable</i>	Percent by spend (%)	99.1

ENERGY PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Electricity	MWH	2,987 ¹
Natural Gas	Therms	91,861 ²
Diesel	Gallons	1,280

¹ Excludes our Mechanicsburg site, where electricity is included in the lease.

² Excludes our Pontoon Beach site, where natural gas is included in the lease.

WASTE PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Total Waste Generated	Metric Tons (mt)	4,122
<i>Landfilled</i>	Percent (%)	9
<i>Recycled</i>	Percent (%)	91
<i>Other (specify)</i>	Percent (%)	<1

DIVERSITY PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Executives	Number (#)	13
Women	Percent (%)	23
Racial/Ethnic Minority	Percent (%)	62
Managers/Supervisors	Number (#)	50
Women	Percent (%)	36
Racial/Ethnic Minority	Percent (%)	70
All Employees	Number (#)	708
Women	Percent (%)	63
Racial/Ethnic Minority	Percent (%)	87

HEALTH AND SAFETY PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Fatalities	Number (#)	0
Total Recordable Incident Rate	Rate	0.91
Near Miss Rate	Rate	1.2

EMPLOYEE ENGAGEMENT PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Turnover Rate	Percent	33

COMMUNITY ENGAGEMENT PERFORMANCE

Indicator	Unit of Measure	2021 Performance
Charitable Donations	\$ USD	\$25,000
Volunteering	Number (#) of Hours	60-80 hours
In-Kind Giving	\$ USD	\$40,000